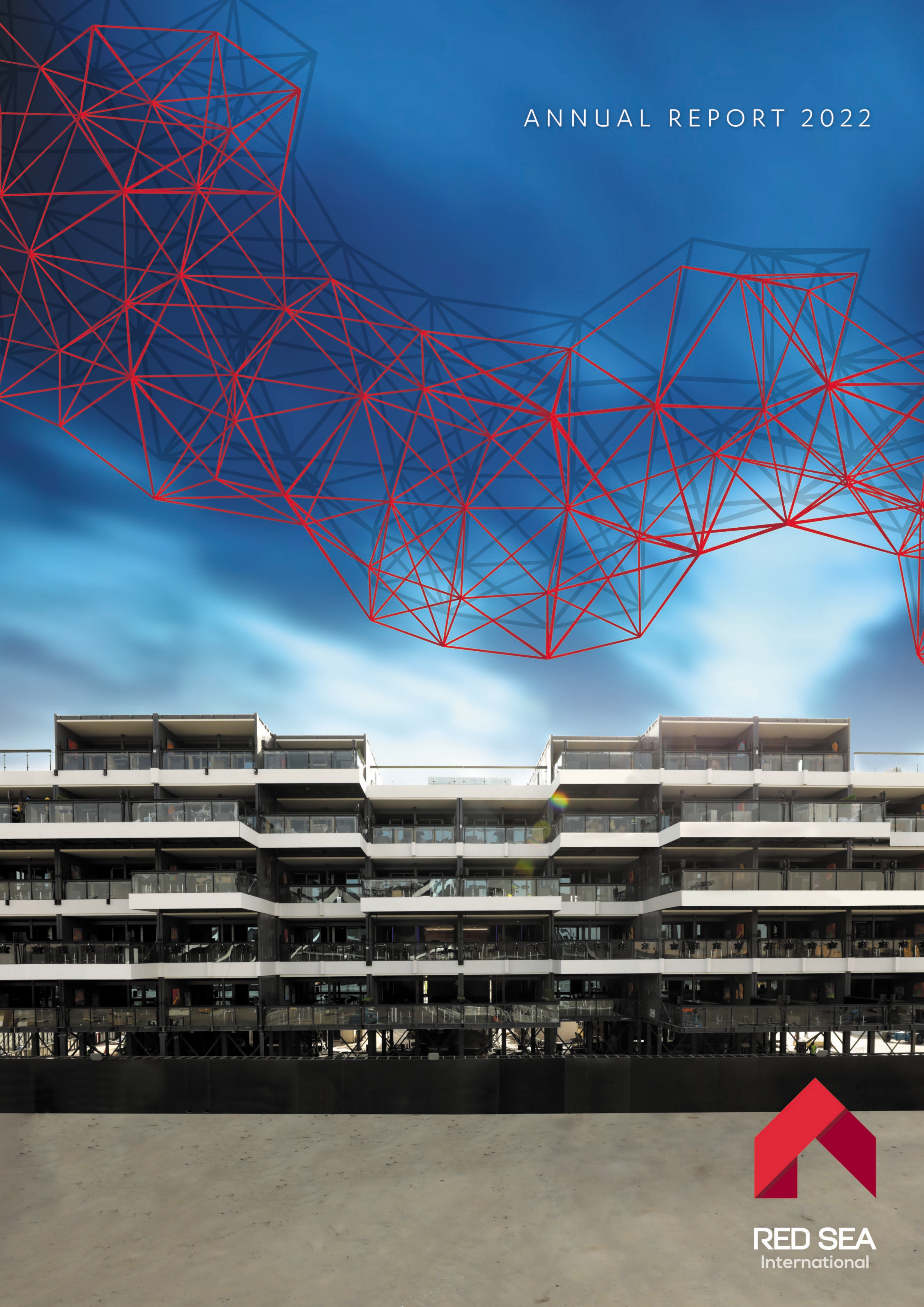
ANNUAL REPORT 2022



RED SEA
International

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MESSAGE FROM THE CHAIRMAN

Although 2022 was not without its challenges for companies operating in the housing sector, we at Red Sea International were able to quickly adapt to these changes and implement flexible corrective measures to improve our operational performance, allowing us to effectively serve our customers while continuing to learn from the lessons of the past difficult period.

Red Sea International always strives to provide the best high-quality products and premium services to maintain its leading position in regional and local markets. Although the company's operations have suffered some setbacks due to various market factors, including delays in the execution of several major projects, Red Sea International has restructured itself through organizational restructuring, unifying its business, effective cost management, determining the correct size of business and job flows, and establishing a project monitoring unit. Direct results of these intensive efforts are expected to be seen by the end of next year.

Despite these challenges, Red Sea International has won several important projects with strategic partners and remains determined to seize all opportunities to solidify its leading position in the provision of urgent prefabricated construction solutions.

We believe that Red Sea International can maintain its good position by focusing locally and regionally on leveraging multiple commercial partnership opportunities emerging from the Vision 2030 at the national level, as these partnerships will provide significant opportunities for revenue growth and improving the level of services it provides.

On another note, Red Sea International is keen to make sustainability the core of its business, contributing to achieving the Kingdom's carbon neutrality goal. The company is proud to adopt Vision 2030 as acompass for its actions, in order to achieve its strategic objectives and develop its governance system.

On behalf of my fellow members of the Board of Directors, I would like to thank the executive management team and employees of Red Sea International who contributed to the company's performance during the past difficult period. I would also like to express my sincere appreciation to the Board of Directors for their efforts and dedication to enhancing the company's position. We extend our thanks and appreciation to our valued customers for their trust and to our shareholders for their continued support. We are confident that through a sustainable growth strategy, good governance, and social and environmental responsibility, we will successfully achieve our vision for a conscious and sustainable business in the world.

Best regards

Amr Abdullah Al Dabbagh

Chairman of the Board

MESSAGE FROM THE MANAGING DIRECTOR & CEO

The events of the past couple of years have fundamentally shifted the way we live, work, think, and interact. In this unprecedented time and despite the challenges, we remain committed to advancing our business in a responsible way and we are incredibly proud of our dedicated and passionate team of employees who continue to demonstrate unwavering diligence, pride, and focus.

We are committed to building an open, understanding, and inclusive environment where everyone is valued and heard. Our perspective and aspirations, which rely primarily on integrated competencies, contemporary products and channels, ease and speed of execution, and dedication to performance, will be improved by the clarity and simplicity of our strategic aspirations. A business efficacy measurement plan will boost output, encourage expansion, and enhance focus & efficiency.

Although we have grown and evolved over the 55 years we have been in business, our core values have remained constant and continue to be at the heart of everything we do, including our approach to provide long-term value for our stakeholders and the surrounding factors where we live and work. We are committed to ensuring that our solutions and efforts help address important issues for our business, our employees, our society, and the environment as a whole.

Consolidation & Efficiency

ERP efforts have gained traction and are well on progress mode. Our business has streamlined to be a leaner structure with operations out of The Kingdom & the UAE.

We will guarantee the diversification of our services to our customers, improve our performance, and increase the level of transparency and value offered by luring new customer groups and forming strategic alliances with them. Additionally, as we travel this path, we will never lose sight of the importance of fostering a good workplace culture that fosters relationships with coworkers, customers, suppliers, shareholders, allies, and the communities where we live and work.

Our vision is to build a business that offers highly valuable solutions to our clients. To that end, we will take it upon ourselves to raise awareness, facilitate the conduct of our business, and ensure long-term success through joint efforts and continued success without compromising our firm commitment to integrity and our values in various societies. The most successful companies in history were built through perseverance, continuity, and preservation.

Advancing our Performance

Our metric of success does not stop at setting ambitious goals. True performance is achieved when we reach those goals. When challenges arise, we expect our team to maintain their commitment to objectives and other vital business metrics. We have integrated annual sustainability goals into the performance targets for key RSI executives and we will review progress on these goals as a full executive committee every quarter. Business teams will embed these targets throughout their operations, monitor progress, and celebrate achievement as they happen.

Building a Sustainable Business

For more than four decades, RSI has been a leader in designing and installing smart, healthy, and sustainable modular industry solutions and customizable hospitality services that exceed our customer expectations. In every aspect of our business, we work to sustain safety, reliability, and environmental stewardship through an unwavering commitment to operational excellence.

Our Sustainability Framework focuses on safeguarding our future, enhancing our capabilities and solutions, and advancing our performance. We are committed to demonstrating integrity, producing high quality products, and providing world class customer service, with a focus on integrating sustainability in everything we do.

Enhancing our Capabilities and Culture

Everything we accomplish as a business is made possible by our talented and dedicated workforce. Fulfilling our purpose requires highly skilled employees to be fully engaged in solving tough challenges. training, leadership development. We are committed to building an open, understanding, and inclusive culture where everyone is valued and heard.

Safeguarding our Future

Our business requires the use of valuable resources, including energy, water, and raw materials. We work to reduce our environmental footprint with a focus on addressing climate change, waste, and water security. We believe that maintaining a safe operation for our workers and communities is our first responsibility. In alignment with the Saudi Vision 2030, we have set ambitious environmental goals.

Over time, we plan to use renewable energy sources, make our own operations carbon neutral, enhance emissions tracking and reporting for our full value chain, and use sustainable materials that support the preservation of our environment. We also plan to repurpose waste for beneficial use and integrate sustainability focused design principles into product and packaging design processes.

We are proud of what we have accomplished over the last year, but we know we have a lot more work to do. Looking ahead, we will continue to build on our strengths, provide value for our shareholders, To create welcoming services and places for people to live and work, for the benefit of everyone associated with our company and its activities.

Khalid M. Fagih

Managing Director and Chief Executive Officer

1. Names of Members of the Board, Committees, Executive Management, and their current roles, qualifications and previous experience

H.E. Mr. Amr Abdullah Al Dabbagh

Position: Chairman of the Board (Non-Executive)

Committees' Membership: Executive Committee

His Excellency is the CEO and Chairman of Al-Dabbagh Group (ADG), a family conglomerate headquartered in Jeddah, Saudi Arabia. ADG was founded in 1962

Over the course of a thirty-year career, His Excellency has served in public office for two four- year terms as Governor (with a rank of Minister) of the Saudi Arabian General Investment Authority (SAGIA). He was elected for two terms to the Jeddah Chamber of Commerce and appointed for two terms to the Makkah Regional Council.

Mr. Sami Ahmed BinMahfooz

Position: Vice Chairman (Non-Executive)

Committees' Membership: Executive Committee, Audit Committee, N&C Committee

Acquired his bachelor's degree in finance from Ohio State University, and excelled the Executive Program in Darden School University in the United States.

He possesses solid experience that exceeds 30 years in Banking Operations, credit instruments and policies. He served in different leading positions in National Commercial Bank until becoming the Chief Risk Officer.

Mr. Taher Mohammed O. Agueel

Position: Board Member (Non-Executive)

Committees' Membership: Executive Committee

Earned Master & Bachelor of Science Degrees in Industrial Engineering from the University of Texas, at Arlington (U.S.A.), trained at The Chase Manhattan Bank (NY), and attended development programs at world-class institutions like Harvard, Oxford, and INSEAD.

Mr. Agueel has distinguished background and experience in the finance, investment, real estate, and corporate arena in Saudi Arabia gained through working for leading financial institutions in the Kingdom in the field of investment banking (Deutsche Alazizia Financial Services, CEO and the National Commercial Bank, Head, Structured Finance) as well as serving on the Boards of several private and listed companies including the Kingdom Holding Company, Gulf General Cooperative Insurance Company, Bank of America's Merrill Lynch Kingdom of Saudi Arabia, and Bidaya Home Finance Company.

Mr. Peter Walichnowski

Position: Board Member (Independent)

He holds a bachelor's degree in architecture from the University of New South Wales Australia and a number of management and governance training courses from Harvard University in America and IMD in Switzerland.

Peter has more than 40 years of experience, most of which spent in leadership positions within the region, such as the CEO of Majid Al Futtaim Properties in Dubai where he was responsible for developing a number of real estate mega projects that include hotels and commercial complexes, including the Mall of the Emirates, and the CEO of Al Ghurair Investment. He also held leadership positions in Australia, United Kingdom, Korea and China.

Mr. Mujahid Abdulkarim Al-Gain

Position: Board Member (Independent)

Committees' Membership: N&C Committee

Mr. Mujahid earned a degree in Industrial Management from Whitworth University, Washington State, a Harvard Alumni, an Oxonine, and has also completed several advanced management programs for senior executives from top international school such as Harvard Business school, Said Business School Oxford, Stanford University Graduate School of Business, and Chicago University, trained in Japan, and Ireland. He also participated in many local and international specialized forums and workshops.

He started his career with the Royal Commission for Jubail and Yanbu and held several executive positions until he became an Advisor to the Chairman and Assistant Director General of Operation and Maintenance. He also worked at the Saudi Arabian General Investment Authority and held the position of Deputy Governor for Regional Development and Deputy Governor for Strategy and Planning, Supervisor of Finance Department. During his career, he held the position of CEO and Head of the Foundation Team of Al-Qassim Development Company and an Advisor to the President of the Saudi Commission for Tourism and Antiquities, as well as the Chief Investment & Business Development Officer in Charge of developing business model and vision Realization in King Abdullah City for Atomic and Renewable Energy.

Mr. Mohammed Zaher Salahuddin Al-Munajjed

Position: Board Member (Independent)

Committees' Membership: Audit Committee, N&C Committee

Graduate in Business Administration (MBA) from the Harvard Business School and holds a Masters in French International Law from the St Joseph University in Beirut. He is also the Chairman of the Harvard Business School Club of the GCC.

He has over 30 years of experience in leading positions, playing key roles in building, and developing businesses and advising large family business groups in Saudi Arabia, he also has hands-on knowledge of business reorganization and restructuring, turnaround situations and acquisition deals, in addition to being a Board Member in a number of joint stock companies.

Mr. Osama Zakaria Jamjoom

Position: Board Member (Independent)

Committees' Membership: Executive Committee

Mr. Jamjoom earned a bachelor's degree in Mechanical Engineering from King Abdulaziz University, a master's degree in Industrial Engineering, and continued the post graduate studies in System Engineering at Northeastern University - Boston.

He is the Founder and CEO of Project Management & Development House Company, in addition to being the Co-Founder and Executive partner of Wessal

Real Estate Development and marketing Company. He held numerous executive positions in renowned companies such as Al-Sulaiman Group, Dallah Albarakah Group, Urban Development Company, Al-Rasim Company, and Saudi Bechtel.

Possess extensive experience and knowledge that surpasses 20 years in Corporate through participation in local and international Boards and committees. Part of the list of companies that he was a member in its Board or Committees includes Halwani Brothers Company, Ghassan Ahmad Al Sulaiman Furniture Company (IKEA), Cities Centers Development, Dallah Albarakah, and Saudi Global Star.

Mr. Khalid Mohammed Fagih

Position: Managing Director & CEO

Committees' Membership: Executive Committee

He is the Managing Director and CEO of Red Sea International Company and Chairman of Premier Paints Company. He has over 27 years' of experience leading business management, corporate and investment banking, risk management, digitization, and project finance management.

Throughout his career, Khalid has successfully consummated large number of high-profile transactions with the government, and across several private sector companies over the last various economic cycles. Khalid has a solid track record of achievement in leading corporate transformation. He has successfully built and led numerous business initiatives in a record time span. Khalid is a Member of the Commercial Committee of the Riyadh Chamber of Commerce.

Educated at King Abdulaziz University in Jeddah, he holds a dual bachelor's degree in statistics and Computer Science. He also enrolled in various management and leadership programs at Harvard Business School, INSEAD, London Business School and Stanford University.

Mr. Mohamed Husnee Jazeel

Position: External Member

Committees' Membership: Audit Committee

Earned his Certificate from the Chartered Institute of Management Accountants in the UK. He acquired a solid experience in the field of accounting that surpasses 25 years.

He served in several managerial roles in Price Water House Cooper (PWHC) in different offices around the world. In 1999, he joined Al Dabbagh Group and was appointed as the Chief Financial Officer. He also serves as a Board Member for Gulf General Cooperative Insurance Company and Tanmiah Food Company.

Dr. Mazen Ibrahim Hassounah

Position: External Member

Committees' Membership: Audit Committee

Dr. Hassounah holds bachelor's degree in civil engineering from the University of Petroleum & Minerals in Dhahran, KSA (1982), and a Masters (1988) and Phd. (1992) in Planning from the University of Toronto, Canada.

He has over 40 years of experience in engineering, planning, corporate advisory, banking, investment banking and asset management services in various academic and non-academic positions in Saudi Arabia, Canada and the UK. Prior to his current positions as the Managing Partner of Mawakher Development Company (a Project Development Company), the Managing Director of Alissa Group Companies, and the Acting Managing Director of Alyusr for Leasing & Finance, he held the position of CEO & Managing Director of Rana Investment Company for the period 2000 to 2008, and the position of Deputy CEO for the period 1995 to 2000.

In addition to his membership in the Audit Committee of Red Sea International, Dr. Hassounah is the Chairman of the board of directors of SHUAA Capital KSA, a member of the Board of Best Trading Company, Abdulatif Alissa Group Holding Company, Alyusr for Leasing & Finance, Almanara Communication & Information Technology, and Arab Palestinian Investment Company (APIC). He serves as the Chairman of Audit Committees of APIC and Almanara. Also, until very recently, he served as the Chairman of Audit Committee & Compliance Committee AXA Cooperative Insurance. Further, for several years, Dr. Hassounah served as a board member of Ettihad Etisalat (Mobily), AXA Cooperative Insurance Company, and as a member of the Investment Committee of the Riyadh Chamber of Commerce and Industry.

Mr. Mahmood Siddiqui

Position: Group Chief Financial Officer

Mr. Mahmood is a chartered accountant from the Institute of chartred accountants in Pakistan in 1996, and holds a bachelor's degree in business administration from the University of Karachi in 1991.

He served in several managerial roles in Price Water House Cooper (PWHC) in different offices around the world. In 2000, he joined Ghassan Al Sulaiman Furniture Trading Company (IKEA) and later was appointed as the Chief Financial Officer. He also served as CFO in Flow Progressive Logistics. Before Joining Red Sea International he was serving as Group CFO for Re/Max Builders and Developers in Pakistan.

2. Names of companies inside or outside the Kingdom of which the Board Member is a member in (currently or previously) or companies he manages.

Name	Current Companies	Local / International	Legal Form
H.E. Mr. Amr Abdullah Al Dabbagh	Petromin Corporation	Local	Closed Joint Stock
	SAED International for Istigdam (previously)	Local	Closed Joint Stock
	Tanmiah Food Company	Local	Public Joint Stock
	Al Dabbagh Group Holding Company	Local	Holding Company
	Tanmiah Commercial Group Company	Local	Limited Liability
	Amr Bin Abdullah Al-Dabbagh Company Ltd.	Local	Limited Liability
	The Omnipreneurship Company Ltd. (previously)	Local	Limited Liability
	United Seven Investment Company	Local	Limited Liability
	Petromin Investment Company (previously)	Local	Limited Liability
Mr. Sami Ahmed BinMahfooz	Itqan Capital [Itqan Fund]	Local	Closed Joint Stock
	United Pipes Company (previously)	Local	Limited Liability
	Rawasi Financial Solutions	Local	Limited Liability
Mr. Khalid Mohammed Fagih	Premier Paint Company	Local	Limited Liability
	Red Sea company for Specialized Investments	Local	Limited Liability
	Red Sea Building Materials and Equipment Trading Company	Local	Limited Liability
Mr. Peter Walichnowski	-	-	-
Mr. Osama Zakaria Jamjoom	Halwani Brothers (previously)	Local	Public Joint Stock
	Ghassan Ahmad Al Sulaiman Furniture Company (previously)	Local	Closed Joint Stock
	Cities Centers Development Company	Local	Closed Joint Stock
	Dallah Albarakah Company	Local	Closed Joint Stock
	Saudi Global Star (previously)	Local	Closed Joint Stock
	Project Management & Development House Company	Local	Closed Joint Stock
Mr. Mujahid Abdulkarim Al-Gain	-	-	-
Mr. Mohammed Zaher Salahuddin Al-Munajjed	Gulf General Cooperative Insurance Company	Local	Public Joint Stock
	Kindasa Water Services	Local	Closed Joint Stock
	Urjuan Real Estate Development	Local	Closed Joint Stock
	Red Sea International Company	International	Public Joint Stock
Mr. Taher Mohammed O. Agueel	Kingdom Holding (previously)	Local	Public Joint Stock
	Gulf General Cooperative Insurance Company	Local	Public Joint Stock
	Merril Lynch Saudi Arabia	Local	Closed Joint Stock
	Bidaya Home Finance	Local	Closed Joint Stock
	Global Textiles Co	Local	Mixed Limited Liability
	Al Nahdi Company (Family Office)	Local	Limited Liability

3. Classification of Members of the Board: Executive, Non-Executive, Independent

The table below summarizes the composition of the Board and classification of its members as of 31/12/2022:

No.	Member Name	Membership Classification	Committees' Membership
1	H.E. Mr. Amr Abdullah Al Dabbagh (Chairman)	Non-Executive Board Member	Executive Committee
2	Mr. Sami Ahmed BinMahfooz (Vice Chairman)	Non-Executive Board Member	Executive Committee Audit Committee N&C Committee
3	Mr. Khalid Mohammed Fagih	Executive Board Member	Executive Committee
4	Mr. Osama Zakaria Jamjoom	Independent Board Member	Executive Committee
5	Mr. Peter Walichnowski	Independent Board Member	-
6	Mr. Mohammed Zaher Salahuddin Al-Munajjed	Independent Board Member	Audit Committee N&C Committee
7	Mr. Mujahid Abdulkarim Al-Gain	Independent Board Member	N&C Committee
8	Mr. Taher Mohammed O. Agueel	Non-Executive Board Member	Executive Committee

4. Measures taken by the Board, especially non-Executives, with recommendations received from shareholders pertaining to the Company and its performance.

The Chairman of the Board and the Senior Management of the company periodically inform the Board of Directors of the views, proposals or comments received from the shareholders regarding the Company and its performance and outcomes of any discussions held with the shareholders, if any.

The Chairman of the Board also briefs and communicates the views of shareholders to the Board of Directors during the meetings of the Board without the presence of any members from the Senior Management if needed.

5. A brief of the Committees' roles and responsibilities.

In accordance to the companies law, CMA rules, and Corporate governance regulations three committees emerged from the Board of Directors. The Executive Committee, the Nomination and Compensation Committee, and the Audit Committee These committees have a crucial role in assisting the Board to carry out its entrusted duties to achieve the optimal performance and to benefit from the expertise of their members. The committees are also responsible for developing policies and plans, enforce the regulations issued by the authorities; and make their recommendations to the Board as requested.

Executive Committees

According to Article 4 of the Executive Committee Charter, the Executive Committee is formed by a resolution of the Board of Directors, provided that the number of its members shall not be less than three and a maximum of five members. Members of the committee shall be of the members of the Board or others. The committee takes the responsibility of proposing major executive and strategic decisions to the Board of Directors in accordance with the specified authorities, and then recommends them to the Board for approval.

The following table summarizes the meetings of the Executive Committee that were held in 2022:

No.	Name	Membership Classification	Attendance Record for Meetings Held in 2022
			1st Meeting 01/02/2022
1	H.E. Mr. Amr Abdullah Al Dabbagh (Chairman)	Non-Executive	✓
2	Mr. Sami Ahmed BinMahfooz (Vice Chairman)	Non-Executive	✓
3	Mr. Khalid Mohammed Fagih (Member)	Executive	✓
4	Mr. Osama Zakaria Jamjoom (Member)	Independent	✓
5	Mr. Taher Mohammed O. Agueel (Member)	Non-Executive	✓

Audit Committee

According to Article 2 of the Audit Committee Charter, members of the committee are elected by a resolution from the company's general assembly, and the resolution should include its responsibilities, rules of work, remuneration of its members, and the term of their membership, based on a recommendation from the Board of Directors, provided that the number of its members is not less than three and a maximum of five members, and should not be members of the Executive Committee, whether from the shareholders or others. The committee is responsible for overseeing the accounting and financial reporting practices, and ensuring compliance with legal and regulatory requirements, overseeing the work of internal audit, and the external audit, which regularly reviews the adequacy and effectiveness of the internal control system and procedures to provide a continuous assessment of the system and its effectiveness.

The following table summarizes the meetings of the Audit Committee that were held in 2022

Name	Membership Classification	Attendance Record for Meetings Held in 2022				
		1st Metting 09/01/2022	2nd Meeting 25/01/2022	3rd Meeting 18/05/2022	4th Meeting 03/08/2022	5th Meeting 26/10/2022
Mr. Sami Ahmed BinMahfooz (Chairman)	Non-Executive	✓	✓	✓	✓	✓
Dr. Mazen Hassounah (Member)	Independent member from outside the Board	✓	✓	✓	✓	✓
Mr. Mohamed Husnee Jazeel (Member)	Non-Executive member from outside the Board	-	✓	✓	✓	✓
Mr. Mohammed Zaher Al-Munajjed (Member)	Independent	✓	✓	✓	✓	✓

Nomination and Compensation Committee

According to Article 2 of the Nomination and Compensation (N&C) Committee Charter, the committee is formed by a resolution of the Board of Directors, provided that the number of its members shall not be less than three and a maximum of five members. Members of the committee shall be of the members of the Board or others. The committee is responsible for reviewing all works and policies, programs and requirements related to the members of the Board and their membership. It is also responsible for developing clear policies for the remuneration and compensation of Board Members and Senior Executives and recommends them to the Board for approval.

The following table details the meetings of the Nomination and Compensation Committee that were held in 2022:

Name		Membership Classification	Attendance Record for Meetings Held in 2022			
			1st Meeting 19/05/2022	2nd Meeting 02/08/2022	3rd Meeting 16/08/2022	4th Meeting 25/10/2022
1	Mr. Mohammed Zaher Al-Munajjed (Chairman)	Independent	✓	✓	✓	✓
2	Mr. Sami Ahmed BinMahfooz (Member)	Non-Executive	✓	✓	✓	✓
3	Mr. Mohamed Husnee Jazeel (Member)	Non-Executive member from outside the Board	✓	✓	✓	✓
4	Mr. Mujahid Abdulkarim Al-Gain (Member)	Independent	✓	✓	✓	✓

6. The means of which the Board of Directors have used to evaluate the performance of the Board, its members, and Committees.

The Board has developed an evaluation mechanism which relies on the feedback received from Members of the Board through the self-evaluation surveys that are circulated among Board Members on annual basis to assess the performance of the Board, its members and committees. The evaluation mechanism uses key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, effectiveness of the Board, understanding the roles and responsibilities of the Board to identify weaknesses and strengths and accordingly propose the corrective action plans that are in the best interests of the Company.

7. Disclosure of the remunerations of Board Members and Senior Executives in accordance with Article (90) of Corporate Governance Rules

According to the Remuneration Policy of the Red Sea International Company, approved by the General Assembly during its meeting held on 23/06/2022, a member of the Board of Directors receives a fixed annual remuneration of SAR 200,000 in addition to SAR 5,000 as an allowance for attending meetings. The remunerations are paid quarterly and approved by the shareholders in the general assembly. The Board may also review these remunerations whenever needed, in a manner that does not conflict with the Company's Bylaw and other applicable regulations in this regard, especially regarding complying with higher ceiling for the remunerations paid to members. The remuneration shall be paid to the resigning or newly joined member based on the number of days he/she served as a member of the Board of Directors during the period. In respect of these remunerations, the Board shall follow all the regulations and laws mentioned in the Listing and Registration Rules approved by the Capital Market Authority and based on the recommendations of the Nomination and Compensation Committee.

Based on the recommendations of the Nomination and Compensation Committee that was approved by the general assembly, the Company's Remuneration Policy states the following:

The Chairman of the Board receives an additional annual remuneration of SAR 200,000

The Vice Chairman of the Board receives an additional annual remuneration of SAR 200,000

The Managing Director receives an additional annual remuneration of SAR 100,000

Each Audit Committee Member receives additional remuneration of SAR 100,000 and SAR 3,000 for each attended meeting.

The Executive Committee Members are not entitled to annual remuneration; however, each member receives SAR 3,000 for each attended meeting.

The Nomination and Compensation Committee Members are not entitled to annual remunerations; however, each member receives SAR 3,000 for each attended meeting.

The Secretary of the Board does not receive any remuneration against his duties or attendance of meetings.

Executive management compensation comprises of: (a) a fixed element which includes base salary, allowances, and benefits; and (b) a bonus component that is linked to performance and is variable. The compensation package is approved by the Nomination and Compensation Committee based upon comparative packages for similar positions within the sector and region and is designed to attract and retain management talent.

The following tables details the remunerations and compensations paid to Board Members during 2022:

Amounts in SAR Thousands

Name and Designation	Fixed remuneration							Variable remunerations						End of service award	Aggregate Amount	Expenses Allowance
	Specific amount	Allowance for attending Board Meetings	Total Allowance for attending committee meetings	In –kind benefits	Remunerations for technical managerial and consultative work	Remunerations of the chairman, managing director or secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short term incentive plans	Long term incentive plans	Granted shares	Total			
Independent Directors																
Mr. Peter Walichnowski	200	25	-	-	-	-	225	-	-	-	-	-	225	-	-	-
Mr. Osama Zakaria Jamjoom	200	30	6			-	236	-	-	-	-	-	236	-	-	-
Mr. Mujahid Abdulkarim Al-Gain	200	30	18	-	-	-	248	-	-	-	-	-	248	-	-	-
Mr. Mohammed Zaher Salahuddin Al-Munajjed	200	30	33		-	-	263	-	-	-	-	-	263	-	-	-
Total	**800**	**115**	**57**	**-**	**-**	**-**	**972**	**-**	**-**	**-**	**-**	**-**	**972**	**-**	**-**	**-**
Non-Executive Directors																
H.E. Mr. Amr Abdullah Al Dabbagh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Sami Ahmed BinMahfooz	300	30	39	-	-	-	369	-	-	-	-	-	369	-	-	-
Mr. Taher Mohammed O. Agueel	200	30	6	-	-	-	236	-	-	-	-	-	236	-	-	-
Total	**400**	**60**	**45**	**-**	**-**	**-**	**605**	**-**	**-**	**-**	**-**	**-**	**605**	**-**	**-**	**-**
Executive Directors																
Mr. Khalid Mohammed Fagih	300	30	6	-	-	-	336	-	1,473	-	-	-	1,809	-	-	-
Total	**300**	30	6	-	-	-	**336**	-	1,473	-	-	-	1,809	-	-	-

The following table details the remunerations and compensations paid to Committee Members during 2022:

Amounts in SAR Thousands

	Fixed Remunerations (excluding attendance allowance)	Remunerations per Meeting	Total
Audit Committee Members			
Mr. Sami Ahmed BinMahfooz	100	15	115
Dr. Mazen Ibrahim Hassounah	100	15	115
Mr. Mohammed Husnee Jazeel	-	-	-
Mr. Mohammed Zaher Al-Munajjed	100	15	115
Total	**300**	**45**	**345**
Nomination & Compensation Committee Members			
Mr. Mohammed Zaher Al-Munajjed	-	18	18
Mr. Sami Ahmed BinMahfooz	-	18	18
Mr. Mohammed Husnee Jazeel	-	-	-
Mr. Mujahid Abdulkarim Al-Gain	-	18	18
Total	-	**54**	**54**
Executive Committees			
H.E. Mr. Amr Abdullah Al-Dabbagh	-	-	-
Mr. Sami Ahmed BinMahfooz	-	6	6
Mr. Osama Zakaria Jamjoom	-	6	6
Mr. Taher Mohammed O. Agueel	-	6	6
Mr. Khalid Mohammed Fagih	-	6	6
Total	**-**	**24**	**24**

The following tables details the remunerations and compensations paid to Senior Executives during 2022

Amounts in SAR Thousands

Name of the Sr. Executive	Fixed Remunerations				Variable Remunerations						End of Service Benefits	Total Remunerations from Board Membership, if Applicable	Grand Total
	Salaries	Allowances	Other Benefits	Total	Periodical Remunerations	Share of the Profits	Short-Term Incentive Plans	Long-Term Incentive Plans	Granted Shares (Value)	Total			
Current CEO	2400	-	-	2,400	1,473	-	-	-	-	3,873	117	300	4,290
Previous CFO *(Up to 31/08/2022)*	800	280	-	1,080	-	-	-	-	-	1,080	410	-	1,490
Current CFO (From 01/09/2022)	352	123	-	475	-	-	-	-	-	475	20	-	495
Strategic Director	893	377	-	1,270						1,270	54	-	1,324
Group Financial Controller	648	171	-	819	-	-	-	-	-	819	35	-	854
Director Corporate Governance & Board Secretary	554	240	-	794	-	-	-	-	-	794	108	-	902
Total	**5,647**	**1,191**	**-**	**6,838**	**1,473**	**-**	**-**	**-**	**-**	**8,311**	**744**	**300**	**9,355**

Article (34) of this report summarizes the remunerations that were waived by Board and Sub-Committees' Members.

We would like to mention that there is no significant deviation between the awarded remunerations and compensations and the applicable policies.

8. Any sanctions, penalties, or precautionary measures imposed on the Company by CMA, supervisory, regulatory, or legal authority; and its reasons and the measures considered to preventive reoccurrence.

There were no Sanctions or Penalties with substantial impact Imposed on Red Sea International Company during 2022

9. Results of Annual Review of the Effectiveness of Internal Controls applied by the Company, in addition to the opinion of the Audit Committee on the adequacy of the Company's internal controls.

The company's operations in 2022 were subjected to periodic reviews by Internal Audit Department to ensure the effectiveness of internal control procedures in protecting the assets of the company, assess operational risks and measure efficiency of overall performance. The External Auditors have also evaluated the effectiveness of systems and procedures as part of their review of the consolidated financial statements.

The Audit Committee has been closely and continuously monitoring and evaluating the performance of the Internal Audit Department and has recommended introducing a number of measures, such as new systems and reporting methods, to further enhance the efficiency of the Internal Audit Department. The results of the continuous review performed on the internal controls established that no material weaknesses were found in the Internal Control system of the company that require disclosure.

The Audit Committee formally initiated a risk assessment and controls self-assessment project during the year. A comprehensive process level risk assessment was carried out across all functions of the company in order to develop a risk-based Internal Audit plan that was duly approved by the Audit Committee.

10. The Recommendations of the Audit Committee are on the need to appoint an Internal Auditor for the Company in case he has not already been appointed.

The company by a recommendation from the Audit Committee has appointed a new Internal Auditor in 2022 to oversee the functions of the Internal Audit department by reviewing the company's business process, implement a systematic approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

11. The recommendations of the Audit Committee, which conflict with Board's resolutions, or those of which the Board has refused to take a decision for the appointment, removal, or remunerations of the Company's External Auditor, and the reason for the refusal.

There was no conflict between the Audit Committee's recommendations and the resolutions issued by the Board in 2022.

12. Dates of the AGMs held in the latest financial year and names of Members of the Board who attended.

The below table summarizes the attendance record for the General Assembly meetings that were held in 2022:

No.	Name	Attendance Record for 2022	
		Ordinary General Assembly 23/06/2022	Extraordinary General Assembly 24/07/2022
1	H.E. Mr. Amr Abdullah Al-Dabbagh	✓	✓
2	Mr. Sami Ahmed BinMahfooz	✓	✓
3	Mr. Khalid Mohammed Fagih	✓	✓
4	Mr. Peter Walichnowski	✓	✓
5	Mr. Osama Zakaria Jamjoom	-	-
6	Mr. Mujahid Abdulkarim Al-Gain	✓	✓
7	Mr. Mohammed Zaher Salahuddin Al-Munajjed	✓	✓
8	Mr. Taher Mohammed O. Agueel	✓	✓

13. Description of the main activities of the Company and its Subsidiaries, and in case of stating more than on activity, full disclosure of these activities needs to be included together with the impact on the financial results.

Red Sea International Company is a Saudi Public Joint Stock Company that was founded in accordance with the Ministerial Decree No. 2532 dated 09/02/1427 corresponding to 25/09/2006. Before becoming a joint stock company, it was a Limited Liability Company registered in the Kingdom of Saudi Arabia. The companies headquarter is currently located in Riyadh, Saudi Arabia. The company derives its revenues from the seamless synergy of its Industrial Housing Division and Facilities Management Division.

The Industrial Housing Division provides housing facilities and related infrastructure in remote areas for local and international clients within Mining, Oil & Gas, Manufacturing, Government, Building & Construction, Infrastructure, Defense, Health and Education Sectors which includes rental of properties and sale of modular units; and enable them to relocate their workforce to designated sites as required. The company uses products manufactured in its state-of-the-art manufacturing facilities to achieve the quality aspired by its customers. The company also specializes in the production of Fuel/Water Storage Tanks, Chiller/Freezer, and Incineration Units, to ensure availability of all elements to deliver projects according to client specifications, free of defects and within the set timelines.

The company also generates revenue from Facility Management and Camp Operations which falls into two main categories:

Fixed Compound Accommodations which are designed to be semi-permanent facilities. These compounds are built, owned and operated by Red Sea International Services Company for the purpose of accommodating senior and junior staff in districts where quality accommodations are in short supply. In addition, to supplying residential and office needs, our compounds include restaurants and catering services, laundry, recreation facilities, security services, entertainment and dependable communications facilities.

Remote site accommodation solutions that are leased to customers for a specific period of time. It can be fully managed by Red Sea International Company if requested by its clients. These are generally purpose-built facilities with all services provided by professional workforce. The company operates and maintains the facility over the course of the lease, and upon expiration of the contract all the buildings and infrastructure are removed – salvaging whatever can be relocated and utilized in other sites. The buildings and equipment are refurbished and sold or held in inventory until a new lease is secured to restart the cycle.

During 2013, the company ventured to add its Building Materials division, extending its activities and engaging in the production and distribution of paint and coating products, which include architectural paint, and industrial and marine coating, by entering into a shareholder's agreement with Sherwin-Williams when it acquired 81% share of Premier Paint Company. The division also has a trained team of professional painters capable of providing reliable paint application services for medium and large-scale projects in the housing, commercial and industrial sectors.

During 2016, the company developed an innovative modular building system to construct multi-level steel frame buildings for hotels, apartments, schools and other building types. The Vertical Modular system features structural steel frames that can be stacked to 12 levels with concrete floors, and fire rated walls, in compliance with all relevant building codes. This new Vertical Modular system enables clients to take advantage of the significant time and cost savings that modular construction can deliver.

The company's largest manufacturing facility is located in the city of Jubail, Saudi Arabia. In addition, the company has two manufacturing facilities strategically located in Jebel Ali – Dubai. The operating facilities have a total production capacity that exceeds 1,000,000 square meters per year. The company's products and services spread over more than 65 countries has helped in taking advantage of the available housing opportunities and the ability to deliver housing solutions in numerous targeted areas. The ability of the company to coordinate between the different manufacturing facilities, shipping services and construction sites has made the company a leader in the field of providing comprehensive modular solutions in remote areas around the world.

Red Sea International Company currently employs around 1,353 skilled employees. The management has a very high level of expertise in the field of manufacturing and modular solutions, in addition to possessing competent workforce, which is well specialized in local and international markets. The adoption of the company's extensive knowledge in the fields of designing, planning, production and execution of projects are some of the elements that enable the company to provide high quality and trustworthy products and services.

The below table summarizes the company's revenues from the main activities it performs:

Amounts in SAR Thousands

Total revenues from main activities for the company	Revenue	%
Building Revenue	239,621	57.11%
Rental Revenue	164,576	39.22%
Paint Revenue	15,362	3.66%
Total	**419,569**	**100.00%**

The following table summarizes the company's revenues from the main activities generated from operations in the Kingdom of Saudi Arabia:

Amounts in SAR Thousands

Total revenues from main activities in KSA	Revenue	%
Building Sales Revenue	180,815	50.28 %
Rental & Facility Management Revenue	163,444	45.45 %
Paint Revenue	15,562	4.27 %
Total	**359,621**	**100.00 %**

The following table summarizes the company's revenues from the main activities generated from operations of its subsidiaries:

Amounts in SAR Thousands

Total revenues from main activities in UAE	Revenue	%
Building Sales Revenue	49,348	99.44 %
Rental & Facility Management Revenue	278	0.56 %
Paint Revenue	-	-
Total	**49,626**	**100.00 %**

Amounts in SAR Thousands

Total revenues from main activities in Ghana	Revenue	%
Building Sales Revenue	9,133	99.49 %
Rental & Facility Management Revenue	47	0.51 %
Paint Revenue	-	-
Total	**9,180**	**100.00 %**

Amounts in SAR Thousands

Total revenues from main activities in Algeria	Revenue	%
Building Sales Revenue	335	44.20%
Rental & Facility Management Revenue	423	55.80 %
Paint Revenue	-	-
Total	**758**	**100.00 %**

Amounts in SAR Thousands

Total revenues from main activities in Oman	Revenue	%
Building Sales Revenue	-	-
Rental & Facility Management Revenue	384	100.00 %
Paint Revenue	-	-
Total	**384**	**100.00 %**

14. Description of the Company's important plans and decisions (including changes in the organization structure, expansions, or suspension of operations) and expectations of the Company's future business.

Overview

2022 was a significant year of a recovery from the spectacle of the pandemic that had engulfed the world economies and commerce. Businesses initiated turnaround plans that were again placed into an unexpected situation that arose from the Russia Ukraine conflict posed challenges that disrupted supply chain continuity and sent businesses the world over into alternative sourcing plans and business flow recovery resources. As in the previous year, RSI's commitment to recovery and growth economic environment necessarily dictated a focus for a robust management plan. RSI has succeeded over decades to build up a reputation of being a key solution provider in the modular construction industry. Our business model however had remained largely focused around the Oil & Gas sector and the changing world of business growth opportunities have opened new avenues as well. With clarity and an engaged focus of insightful leadership, our renewed effort is for the business to be re-calibrated around productivity, efficiency and consolidation. Through the course of 2022, we have placed multiple efforts to strengthen our balance sheet taking extra measures to maintain a strong financial position looking ahead while maintaining clarity and transparency along our reporting structure. Our intended controls on cost optimization have been strong and will continue to be our beacon of outlook across our business. Our strategic initiative going forward is our continuing plan to reorganize our market verticals into separate entities to streamline and facilitate swift and efficient responses to market demands and optimized cost expectations aimed at a sharper and stronger business performance.

Human Capital Investment

Over the past year, we have continued to strengthen our belief in talent and ability within. We have continued to invest in developing core skills of our people, build internal expertise within the company and strengthened our workforce with Saudi talent across key positions of leadership. Our commitment to the national drive of Saudization remains clear. We have continued our efforts from the last year and the performance on the recruits has been most promising. We have engaged with the Government Technical and Vocational Training center and many of our new members have emerged from this talent pool. We have also attracted younger talents with a determination to prove and succeed, which is the spirit of RSI as we move ahead.

Employee engagement is strong. Internal communication and interaction have been encouraged and the Human Capital platform has proven to be an open and sincere stream working towards building and positive and inclusive environment and spirit within the company.

Process & Operations

Our outlook on building business efficiencies is a defined focus through our lens of consolidation. Over the past year, we have embarked on a journey of integration where we have centered directional control for management in Riyadh. The head office functions from the hub that houses Operational Governance, Financial Management & Control, Human Capital Development, Brand & Innovation, Engineering & Technical Services, Business Development and Facilities Management. Our production facility in Dubai UAE has also provided great value and adds to the efficiency calendar in production deliveries and support programs.

Crucial to the nature of our business platform is the 'Supply Chain' operational command which also functions from Riyadh and distributes efficient sources, delivery monitoring and efficiency management. This hub and spoke solution resonate with our customers and helps us maintain our existing business partners and acquire new relationships along the way.

In 2022, we have fine-tuned our focus and importance on the introduction of an ERP platform and implementation of some new modules (missing earlier) is already underway. We have initiated investment into data integration and process automation to simplify internal and external partner processes. All of these combined efforts are aimed at achieving intelligent solutions that help our business find stronger efficiencies. Our vision over the next performance cycle is to further strengthen the ERP platform internally and also have it integrated with our customer systems where relevant with large customer relationships.

International Markets

Historically, RSI has operated multiple market offices across the world. Our strategic plan in 2022 was to adopt strategies that could help us achieve the best efficiencies across markets and ultimately allow us to consolidate. The intent was to help us achieve the best output and revenues per customer while providing the best value for the price paid. Through our efforts in 2022, we have successfully maintained our market share in the oil and gas sector within the Saudi market and internationally as well. Our efforts to maintain a solid international presence continues to be one of our focal points. However, this would be done selectively focusing on areas of growth with prime markets potentials. This translates into an efficient plan where multiple modular markets of our client base will be covered from our Saudi and UAE manufacturing centers while our presence internationally will be to support business development requirements that will open new avenues for revenue growth and sales performance. Overall, these planned efforts will strengthen our continued resolve to be customer centric and will potentially translate into the acquisition of repeat relationships as we prosper with our clients while serving their growing needs.

Financial Discipline

By 2021, a new finance management outlook on directional control was set in place with a primary focus to develop and introduce a finance management framework and discipline process. The new structure has since implemented multiple parameters and control systems that would regulate the functionality and seamless operation aimed at proficiency and efficiency. The directional team now in place has consolidated functions and streamlined inefficiencies through a regular implementation of control measures that have started to show clarity and progress.

An emphasis on automation through a structured ERP system is a key focus in an integrated monitoring and management of budget approximation and cost management which are critical factors in efficiency and profitability. This will induce positive inter-departmental operations towards enhanced reporting. Functional insights will also assist Executive Management on strategic decisions and key control mechanisms.

All policies and procedures have been updated and revised to be focused on role and functional clarity along with segregated responsibilities. This effort spanned across the supply chain and procurement divisions over a new authority matrix.

Client Universe

Over the past year, our collective efforts were directed to design and deliver simple & innovative services that the expectations of our customers. Our single-minded resolve was focused on meeting the evolving needs and goals of our client universe. This effort has rewarded RSI with customer relationships that continue to grow and prosper. By investing in functional service delivery platforms, we continue to be a successful business solution provider offering customers a positive experience of interaction and output. This performance objective be achieved through focusing acutely on the larger scope and volume projects within the national vision 2030 action plan. Our performance over the last year was very well aligned with the majority of the projects launched across the Kingdom. Our outlook pushing ahead is to continue to push to penetrate deeper and achieve a higher market share across modular building expectation, our reputed services with the facility management sector and the fast pace of growth of the real estate development plans across the Saudi market universe.

ESG & Sustainability

Inaugural Report Published

We are proud to announce the release of our inaugural issue of our Sustainability report. The document has been achieved through an approach an outlook determined based on a materiality analysis, a review of peer sustainability reporting practices, and an evaluation of common reporting frameworks, including the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), the UN Sustainable Development Goals (SDGs), and the Saudi National Standards of Sustainability.

The increased focus on sustainable development, climate change and the transition to more sustainable and low carbon economy has led to a rapid increase in demand for a transparent and comprehensive approach and reporting on Environmental, Social and Governance information. To this end, we have formulated our policy and commitment to ESG in order to facilitate essential pathways to meet the growing requirements of our stakeholders including investors and lenders. Our objective is to adhere to and improve on ESG best practices to drive ethical conduct in the areas of environment, society and governance throughout our journey to sustainability.

Advancing our Performance

Our metric of success does not stop at setting ambitious goals. True performance is achieved when we reach those goals. When challenges arise, we expect our team to maintain their commitment to sustainability objectives just as they do other vital business metrics. We have integrated annual sustainability goals into the performance targets for key RSI executives and we will review progress on these goals as a full executive committee every quarter. Business teams will embed these targets throughout their operations, monitor progress, and celebrate achievement as they happen.

We are proud of what we have accomplished so far, but we know we have a lot more work to do. Looking forward, we will continue to build on our strengths, provide value for our shareholders, and create and service welcoming places for people to live and work, for the benefit of everyone associated with our company and its activities.

Our sustainability objectives help us achieve year-over-year improvements in our efforts and are closely linked to our framework.

Increase profitability

- Achieve more efficient use of resources, including labor, materials, water, and energy.
- Minimize negative environmental impact of our operations
- Focus on effective waste management, appropriate choice of materials, and careful consideration of design.

Leverage Awareness

Raise awareness of sustainability throughout our workforce, supply chain, clients, and other stakeholders, and encourage participation in meeting our goals.

Support local communities

Create opportunities for employment, positively impact schools, support local wellbeing, and contribute to local charities and voluntary organizations.

Upskill employees

Develop and train employees to raise their aspirations and meet the future demands of the business and individuals.

As part of the RSI's endeavor to strengthen and maintain its leadership position, the company, restructuring of the company and its subsidiaries in order to enhance performance has focused on closing or downsizing low-performing branches and subsidiaries or reducing the company's share in the entities have been continued over 2022. These efforts have added to strengthening the company's current capabilities in the Kingdom of Saudi Arabia to maintain its position in the field of manufacturing and supplying units and modular buildings in addition to providing facility management and maintenance services for labor and residential complexes.

We have put in place several shared services from Dubai and the branches and subsidiaries and consolidate them in the company's head office in the Kingdom of Saudi Arabia and work to contribute effectively to projects and initiatives emanating from the ambitious Saudi Vision 2030 and benefit from its outputs in the sectors of affordable housing, real estate services and facility management.

The company also introduced major changes in the executive management structure through the appointment of a new Chief Financial Officer, as well as attracting several experienced calibers in the departments of Finance, Human Capital, Manufacturing and Construction, Supply Chain, Strategy and Planning, and Facility Management.

15. Details of the risks facing the Company, whether Operational Risk, Financial Risk, or Market Risk and the Company's applied policies to mitigate and control these risks

The company's business and financial condition or results of operations could be materially affected by any of the following risks. Whilst the list is not exhaustive, it indicates some of the major risks encountered by the company.

Operational Overview

Our outlook explores the identification, assessment and prioritization of risks in the various business divisions and the subsequent use of resources to minimize, control the likelihood or impact of risks to benefit opportunities. The scope of our risk management outlook is applicable across the departments of RSI and each division identifies and contributes to highlight risks in business operations that are related to market situations and other external factors. We endear to evaluate the outlook for effective management to optimize the utilization of available resources so as to best ensure RSI's commitment to corporate and market risk factors as best possible within the circumstances and factors within our perspective and control.

Business

RSI as a business is dependent on the efficient operation of our manufacturing facilities in Saudi Arabia, and the UAE. Inherent risks include natural disasters, war, accidents to key personnel, power, water supply, and computer equipment failure. Although RSI maintains insurance policies consistent with industry norms and has put in place safety and protective measures to minimize the effects of such risks such measures may not adequately compensate RSI for losses that may occur, and any losses or damages incurred could have a material adverse effect on revenues.

Supply Chain Challenges

Prices and availability of raw materials to manufacture and supply our solutions can change significantly due to fluctuations in supply and demand. RSI had historically been able to have an adequate supply of raw materials by maintaining good relations with its vendors and stock piling high volume materials. Over the past year, a number of factors have proven to affect our speeds of manufacture and delivery and the issues continue to persist. The continuing Russia-Ukraine conflict has affected a number of industries and in our line of business, the metal & food chains are most challenged. In general, the scarcity of raw materials also poses manufacturing problems when one intersects a situation of reduced raw resources in a global sense. Added to these complications, hyperinflation in some cases tends to affect the purchase power of manufacturing & service industries. This is also a challenging scenario. At RSI we have also seen a logistics scenario turn difficult when higher fuel prices induce a lesser number of transport vessels, particularly on water in our context. The reduced number of operating vehicles translates to a lower efficiency cost for our business. The inability to raise the price of our products and to maintain a proper supply of materials could have a negative impact on sales, operating results and cash flows.

Competition

RSI operates in multiple competitive markets. Historically, our sustaining edge over other competitors has been high quality products, reliable solutions, and unparalleled customer service.

Today, in a changed market scenario, there are a number of competitors that compete directly with RSI and such competition enforces pressure on the margins for RSI products. Performance is also under pressure from domestic and international competitors who fight the market on price a move that consequently impacts pricing negotiations.

Credit risk

The availability of adequate credit lines open, and the assurance of guarantees of availability at short notice continue to be a risk that we look out on. RSI examines foreign exchange risk management tools and apply hedging strategies when needed, however, it still affects the profitability due to the added cost of employing the tools. Profitability is dependent on positive pricing as it is a business of manufacturing & service delivery.

Liquidity risk

RSI continues to operate under extremely focused cost control and spending at every stage internally and in business terms . Our challenge is to build and maintain a balanced Liquidity risk and to this end all our efforts on business infrastructure roll outs are monitored and evaluated regularly.

Governmental Regulations

The company and its subsidiaries are subject to various governmental regulations. Implementation of new regulations or amendments to existing regulations could significantly increase the cost of the company's products. In addition, failure to comply with present or future regulations could result in fines or potential civil or criminal liability. Both scenarios could negatively impact sales, operating results and cash flows.

Currency Exchange

The company's expenses and revenues involve several currencies due to procuring the raw materials from different markets, having the manufacturing facilities located in more than one country, and sales being generated from a number of different markets. A significant movement of exchange rate between the Saudi Arabian Riyal and the other currencies in which the company might do any trade may have a material adverse effect on the company's profitability. The company examines foreign exchange risk management tools and apply hedging strategies when needed, however, it still affects the company's profitability due to the added cost of employing such tools.

Cross Border Risk

These are risks associated with investment outside the country of domicile due to conditions prevailing in the country the company invests in. Within that context comes the country risk which is the risk that a foreign government will significantly alter its policies or other regulations so that it negatively impacts the business climate in that country or the returns on a particular industry, company, or project. Macro-country risk deals with policy changes that harm, say, exporters or foreign-owned businesses in general, while micro-country risk implies that a government will deliberately target a particular foreign company due to political conflicts.

16. A summary in the form of table or chart for the Company's Assets, Liabilities, Financial Results for the past five years.

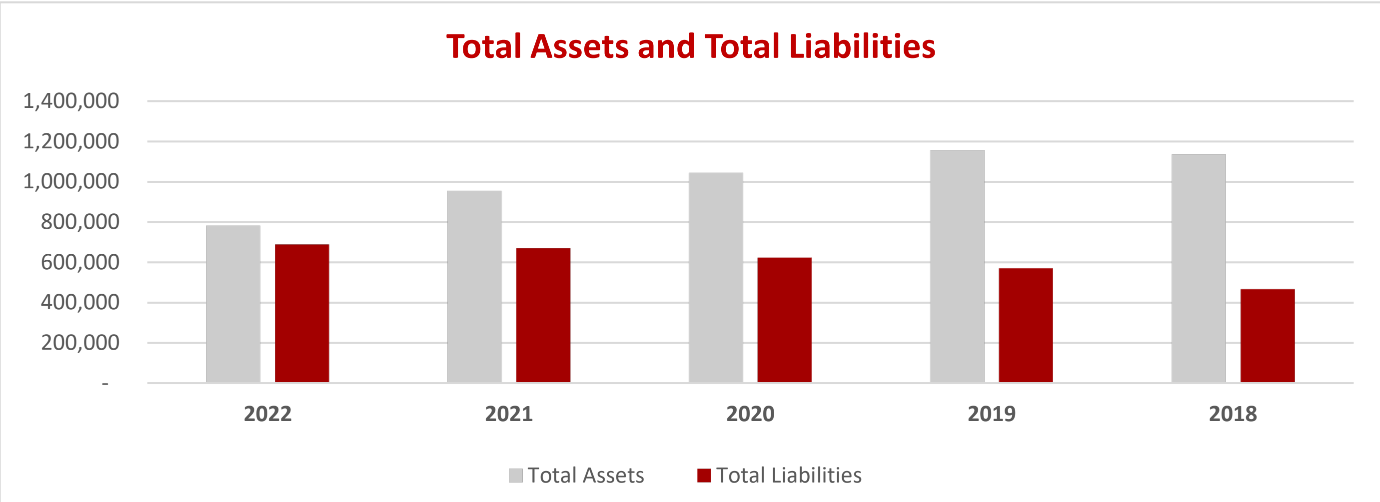
The following table summarize the financial performance of the company over the past five years.

Amounts in SAR Thousands

YEAR	2022	2021	2020	2019	2018
Revenues	419,569	468,201	533,520	606,066	658,616
Cost of Revenues	(475,438)	(496,545)	(561,868)	(565,360)	(578,882)
Gross (Loss)/Profit	(55,869)	(28,344)	(28,348)	40,706	79,734
Gross (Loss)/Profit %	-13.32%	-6.05%	-5.31%	6.72%	12.11%
Selling and Marketing	(16,739)	(18,049)	(29,363)	(32,087)	(33,198)
General & Administrative	(117,230)	(62,987)	(72,606)	(59,608)	(73,033)
Impairment of Intangible Assets		-	(8,234)	(4,962)	(6,417)
Impairment of Investment Properties		-	-	-	(5,386)
Loss from Operations	(189,838)	(109,380)	(138,551)	(55,951)	(38,300)
Other income /(expense)- Net	12,418	1,618	855	4,153	3,617

Share in result of investment in associates	(616)	(2,225)	(2,454)	-	-
Impairment of Investment in Associate	(7,305)	-	-	-	-
Financial Income	33	58	350	1,688	1,057
Financial charges Net	(9,455)	(10,537)	(13,662)	(14,700)	(11,206)
Loss before foreign income taxes, zakat and minority interest	(194,763)	(120,466)	(153,462)	(64,810)	(44,832)
Foreign income taxes	(41)	(113)	-	958	(969)
Zakat	(2,965)	(11,788)	(8,664)	(5,500)	(10,850)
Net loss from continuing operation	(197,769)	(132,367)	(162,126)	(69,352)	(56,651)
(Loss)/Profit from Discontinued Operations	-	-	180	(9,609)	(34,041)
Net loss for the year before Minority Interest	(197,769)	(132,367)	(161,946)	(78,961)	(90,692)
Minority Interest	1,637	1,928	3,623	4,110	4,950
Net Loss for the year	(196,132)	(130,439)	(158,323)	(74,851)	(85,742)
Net Loss/Sales (%)	-46,75%	-27.86%	-29.68%	-12.35%	-13.02%

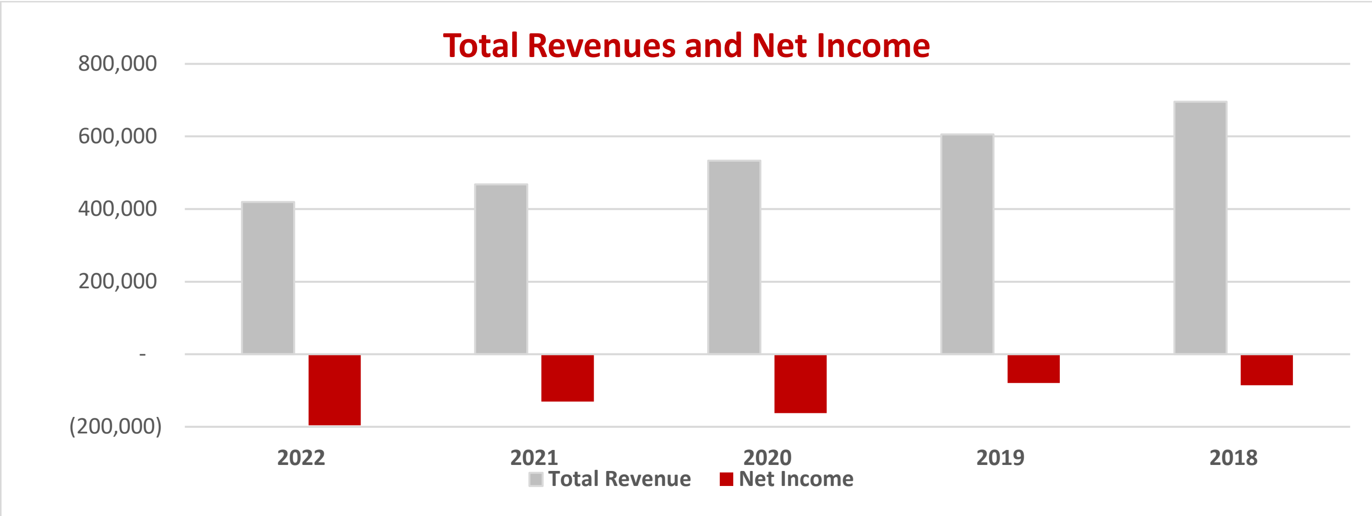
The following tables and charts summarize the Total Assets and Total Liabilities for the past five years.



Amounts in SAR Thousands

	2022	2021	2020	2019	2018
Current Assets	401,632	477,027	489,966	538,080	508,179
Non-Current Assets	377,112	474,946	551,127	614,686	623,606
Total Assets	**778,744**	**951,973**	**1,041,093**	**1,152,766**	**1,131,785**
Current Liabilities	603,140	573,620	482,078	419,227	324,463
Non-Current Liabilities	81,930	91,764	138,189	147,797	140,100
Total Liabilities	**685,070**	**665,384**	**620,267**	**567,024**	**464,563**

The following tables and charts summarize Total Revenues and Net Loss for the past five years

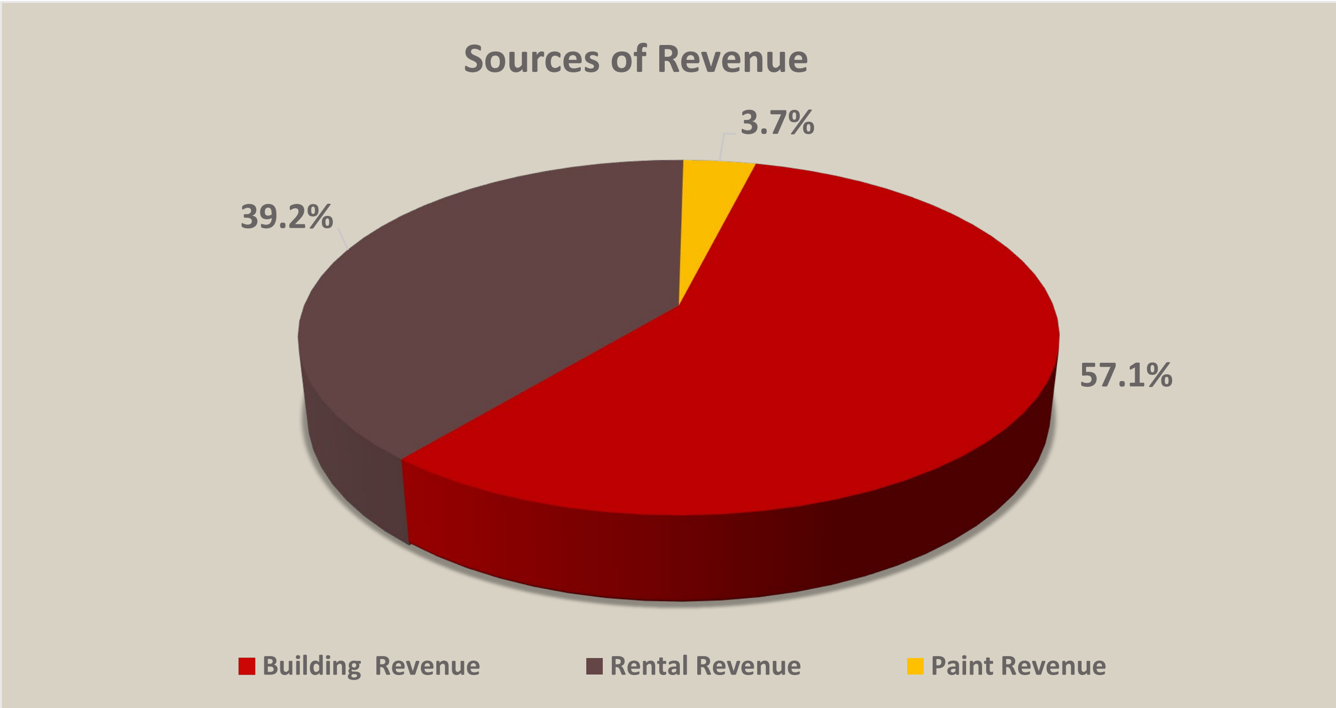


Amounts in SAR Thousands

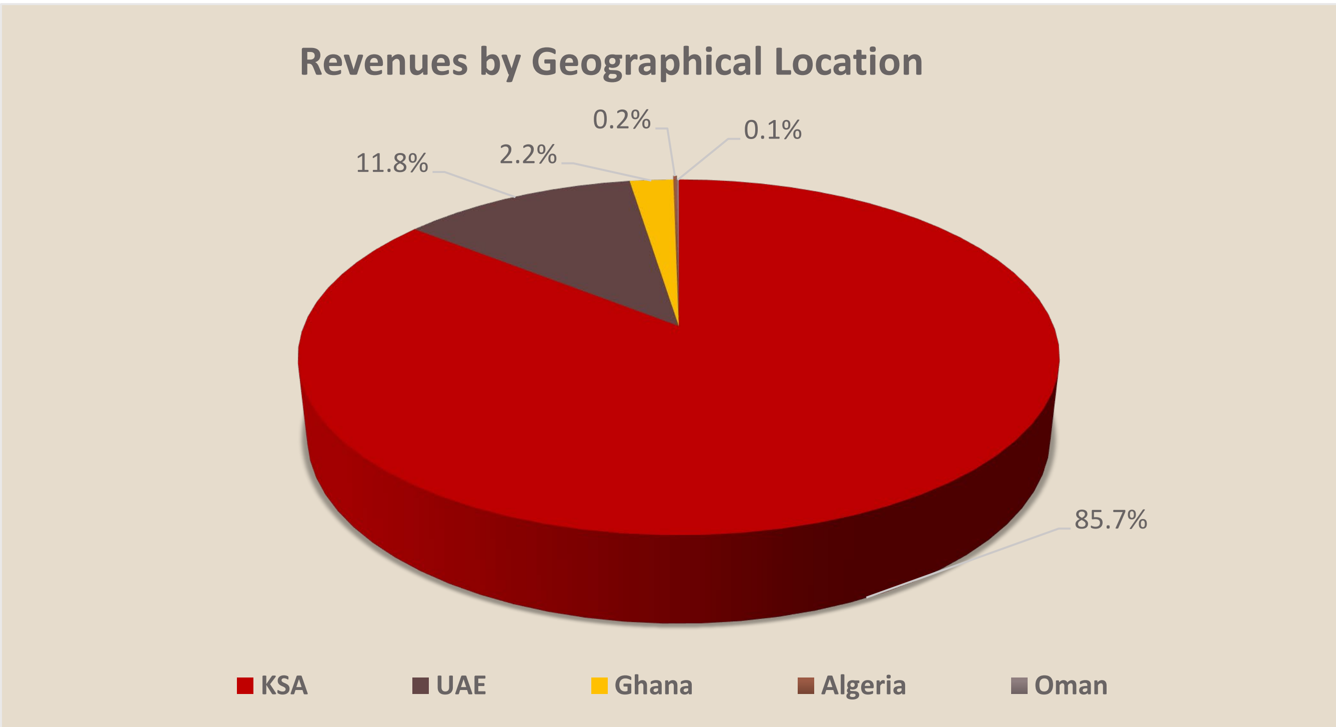
	2022	2021	2020	2019	2018
Revenues	419,569	468,201	533,520	606,066	658,616
Cost of Goods Sold	(475,438)	(496,545)	(561,868)	(565,360)	(578,882)
Gross Profits	(55,869)	(28,344)	(28,348)	40,706	79,734
Net Profits	**(196,132)**	**(130,439)**	**(158,323)**	**(74,851)**	**(85,742)**

17. Revenue by Geographical Areas for the Company and its Subsidiaries.

The following chart illustrates the revenues for 2022 according to the geographical location.



The following chart illustrates revenues for 2022 according to the source of revenues.



The following tables summarizes the revenues of the company and its subsidiaries by geographical location:

Amounts in SAR Thousands

Year	Red Sea International, KSA (Consolidated)					
	Total Revenue	KSA	UAE	Oman	Ghana	Algeria
2022	419,569	3360,423	46,053	1,258	11,077	758

Amounts in SAR Thousands

Year	Red Sea International, KSA					
	Total Revenue	KSA	UAE	Oman	Ghana	Algeria
2022	359,621	359,621	-	-	-	-

Amounts in SAR Thousands

Year	Red Sea Housing Services Company FZE, UAE					
	Total Revenue	KSA	UAE	Oman	Ghana	Algeria
2022	49,626	802	46,053	874	1,897	-

Amounts in SAR Thousands

Year	Red Sea Housing Services, Ghana Limited, Ghana					
	Total Revenue	KSA	UAE	Oman	Ghana	Algeria
2022	9,180	-	-	-	9,180	-

Amounts in SAR Thousands

Year	SARL Red Sea Housing Services Algeria Limited Algeria					
	Total Revenue	KSA	UAE	Oman	Ghana	Algeria
2022	758	-	-	-	-	758

Amounts in SAR Thousands

Year	Red Sea Housing Services Oman LLC, Oman					
	Total Revenue	KSA	UAE	Oman	Ghana	Algeria
2022	384	-	-	384	-	-

18. Details of material variances in operating results between the last Financial Results and previous year.

The following table summarizes the material variances in operating results between the last Financial Results and previous year

Amounts in SAR Thousands

	2022	2021	Difference	Difference %
Revenues	419,569	468,201	(48,632)	-11.59%
Cost of Goods Sold	(475,438)	(496,545)	(21,107)	-4.44%
Gross Profits	(55,869)	(28,344)	(27,525)	-49.27%
Operating Expense – Others	(141,274)	(81,036)	60,238	-42.64%
Operating Income (Loss)	**(197,143)**	**(109,380)**	**87,763**	**-44.52%**

19. Details of any variances in the implemented accounting policies from those approved by SOCPA.

The Financial Statements for the year ending 31/12/2022, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia.

20. Details of each Subsidiary, its capital, percentage ownership of the Company, main activity and country of establishment.

Red Sea International Company (the "company") holds a group of companies located in different locations throughout the world (the "Group"). Below are the details of the company's subsidiaries as of 31/12/2022.

Red Sea Housing Services (Ghana) Limited

Incorporation Country: Accra, Ghana

Incorporation Date: 2005

Main Activities: Manufacturing of Site master 25, Steel Roughneck and Seaway Series buildings. This facility predominantly serves our customers located in North and West Africa.

Main Country of Operations: Ghana

100% owned by Red Sea International Company.

SARL Red Sea Housing Services Algeria Limited (Algeria)

Incorporation Country: Algiers, Algeria

Incorporation Date: 2006

Main Activities: Importing of the company's products for local sales and rentals and to support the parent company by way of executing the local installation of prefabricated buildings and general contracting works. It also manages and operates Desert Palm Hotel located in Hassi Masoud.

Main Country of Operations: Algeria

98% owned by Red Sea International Company, while Mr. Jamal Abdullah Al Dabbagh owns the remaining 2%.

Red Sea Housing Services Company Nigeria Limited

Incorporation Country: Nigeria

Incorporation Date: 2008

Main Activities: General contracting, construction, and general maintenance, construction of utilities and civil work and subcontracting.

Main Country of Operations: Nigeria

97% owned by Red Sea International Company.

Red Sea Housing Services Company FZE, Dubai

Incorporation Country: UAE, Dubai, Jebel Ali Free Zone

Incorporation Date: 2009

Main Activities: Manufacturing of prefabricated housing units, in addition to general contracting, construction, and general maintenance, construction of utilities and civil work and subcontracting.

Main Country of Operations: UAE, Saudi Arabia, Oman, Kuwait

100% owned by Red Sea International Company

Red Sea Housing Services Company (Libya)

Incorporation Country: Libya

Incorporation Date: 2009

Main Activities: Manufacturing of prefabricated housing units, in addition to general contracting, construction, and general maintenance, construction of utilities and civil work and subcontracting.

90% owned by Red Sea International Company.

Due to the deterioration of the security situation in the region, which resulted in the deferral of numerous anticipated projects in the Oil & Gas sector the company announced that it was unable to finalize the maintenance and preparation process for the factory. The company shall commence the operations once the security situation stabilizes and business conditions improve in the region.

Red Sea Building Materials and Equipment Trading Company

Incorporation Country: Saudi Arabia

Incorporation Date: 2012

Main Activities: Wholesale and retail trading of sanitary and electrical equipment, in addition to all types of paints and coating. It also specializes in buildings' machineries and equipment.

Main Country of Operations: Saudi Arabia

100% owned by Red Sea International Company

Premier Paints Company

Incorporation Country: Saudi Arabia

Incorporation Date: 2012

Main Activities: The production and distribution of architectural paints, and industrial and marine coating.

Main Country of Operations: Saudi Arabia

81% owned by Red Sea International Company

Red Sea Specialized Investments

Incorporation Country: Saudi Arabia

Incorporation Date: 2013

Main Activities: Investing in industrial, commercial, agricultural, services and real estate projects.

100% owned by Red Sea International Company

Red Sea Housing Services (Mozambique)

Incorporation Country: Mozambique

Incorporation Date: 2013

Main Activities: The construction of industrial camps, import, sell, lease, install & maintain prefab buildings and related equipment.

Main Country of Operations: Mozambique

100% owned by Red Sea International Company

Red Sea Housing Services (Oman)

Incorporation Country: Oman

Incorporation Date: 2013

Main Activities: The Subsidiary specializes in the construction of industrial camps, import, sell, lease, install & maintain prefab buildings and related equipment.

Main Country of Operations: Oman

100% owned by Red Sea International Company

Red Sea Affordable Housing Company

Incorporation Country: Saudi Arabia

Incorporation Date: 2014

Main Activities: The Subsidiary specializes in the investment and development of real estate, including the purchase, lease, development and sale of properties, and investments through the sale of such properties or lease to the company, and the construction of buildings, and the execution of Affordable Housing projects, and other relevant real estate development projects.

100% owned by Red Sea International Company.

Red Sea Residential City Company

Incorporation Country: Saudi Arabia

Incorporation Date: 2014

Main Activities: General contracting, investment and real estate development, including the purchase and lease of buildings and properties, and the construction of buildings and housing projects and other real estate development projects

100% owned by Red Sea International Company

Red Sea Housing Services Company Ltd.

The company was formerly known as Red Sea Housing Projects Company

Incorporation Country: Saudi Arabia

Incorporation Date: 2014

Main Activities: construct, manage and operate the integrated residential complexes and other real estate development projects, and general contracting for buildings, residential and commercial constructions.

100% owned by Red Sea International Company.

Red Sea Housing Services – Malaysia Sdn. Bhd.

Incorporation Country: Malaysia

Incorporation Date: 2015

Main Activities: General contracting, construction, installation, construction of utilities and civil work and subcontracting.

90% owned by Red Sea International Company

Main Country of Operation: Malaysia, Kuala Lumpur

As of 31 December 2021, the subsidiary has not generated any revenues.

Red Sea Modular Rentals LLC

Incorporation Country: UAE

Incorporation Date: 2018

Main Activities: Trading and Rental activities of Pre-Fabricated Houses.

Main Country of Operation: UAE

49% owned by Red Sea Housing Services Company FZE, Dubai

Red Sea Modular Rentals WLL, Kuwait

Incorporation Country: Kuwait.

Incorporation Date: 2019

Main Activities: Trading and Rental activities of Pre-Fabricated Houses.

Main Country of Operation: Kuwait

49% owned by Red Sea International.

Red Sea Housing Malaysia Sdn. Bhd. (Erstwhile AM Modular SDN. BHD.)

Incorporation Country: Malaysia

Incorporation Date: 2016

Main Activities: General contracting, construction, installation, construction of utilities and civil work and subcontracting.

Main Country of Operation: Malaysia

49% owned by Red Sea Housing Services Company Dubai FZE

Res Sea Housing Services (Singapore) Limited :

Incorporation Country: Singapore

Incorporation Date: 2015

Main Activities: General contracting, construction, installation, construction of utilities and civil work and subcontracting.

Main Country of Operation: Singapore

100% owned by Red Sea International

21. Details of shares and debt instruments issued for each subsidiary.

The following table provides details of the shares which represent the share capital of each of the company's subsidiaries. None of the company's subsidiaries has issued any classes of shares or debt instruments during the period ending 31/12/2022.

Name	Paid-Up Capital	Number Of Shares
Red Sea Housing Services (Ghana) Limited	USD 50,000	450,000
SARL Red Sea Housing Services Algeria Limited	DZD 20,000,000	20,000
Red Sea Housing Services Company Nigeria Limited	NGN 2,000,000	2,000,000
Red Sea Housing Services Company Dubai FZE	AED 1,000,000	1
Red Sea Housing Services Company Libya	LYD 300,000	10,000
Red Sea Building Materials and Equipment Trading Company	SAR 50,000	500
Premier Paints Company	SAR 10,000,000	10,000

Red Sea Specialized Investments	**SAR 50,000**	**500**
Red Sea Housing Services (Mozambique), LDA	**MT 15,000,000**	**-**
Red Sea Housing Services LLC (Oman)	**OMR 250,000**	**250,000**
Red Sea Affordable Housing Company	**SAR 50,000**	**500**
Red Sea Residential City	**SAR 50,000**	**500**
Red Sea Housing Services Company Ltd.	**SAR 50,000**	**500**
Red Sea Housing Malaysia Sdn. Bhd.	**RM 6,122,450**	**6,122,450**
Red Sea Modular Rentals LLC	**AED 300,000**	**300**
Red Sea Modular Rentals WLL (Kuwait)	**KD. 1000**	**100**

22. Description of the Company's dividend distribution policy.

The Company's annual cash dividends are distributed after deducting all general and other expenses as follows .

Ten Percent (10%) of the Annual Net Profits shall be set aside to form a Statutory Reserve. Such provisions may be discontinued by the Ordinary General Assembly when the said reserve reaches (30%) of the Company's Paid-up Capital.

The Ordinary General Assembly may, based on a recommendation by the Board of Directors, set aside a certain percentage of the Annual Net Profits to form a Conventional Reserve allocated to support the Company's Financial Position.

The Ordinary General Assembly may resolve to form other reserves in such an amount as to ensure the Company's best interest or ensure distribution of as steady Dividends as possible to the Shareholders. That same Assembly may also withhold amounts from the Net Profits for the creation of Social Organizations for the Company's Employees and Workers or for supporting such Organizations as may already be in existence.

Out of the remaining amounts thereafter shall be distributed to the Shareholders, in a percentage not less than (5%) of the Company's Paid-up Capital.

Subject to the Provisions prescribed in the Company's Bylaws and the Companies Law, and following the aforementioned, a percentage not exceeding (10%) out of the remaining shall be allocated to the remunerations of the Board of Directors, provided that, the entitlement to the remunerations shall be proportional to the number of Meetings (Sessions) attended by the Member.

The distribution of dividend is linked to the results of the company and does not take place unless there are profit , and accordingly, no dividend were distributed in the year 2022

23. Description of any interest in the class of shares with voting rights belong to persons (other than the Members of the Board, Senior Executives and their relatives),

The following table includes the list of major shareholders, other than Board Members and Senior Executives of the company or any of their relatives, who have previously disclosed their interests of shares in the company and own 5% or more of the total number of issued shares as of 31/12/2022.

	Name	Number of Shares at the start of the year	Number of Shares at the end of the year	Remarks
1	Al Dabbagh Group Holding Company	30,600,000	15,419,539	The difference is due to the capital reduction done on 2022
2	Tanmiah Commercial Group Limited	5,400,000	2,721,093	The difference is due to the capital reduction done on 2022
3	Marketing and Commercial Agencies Limited	3,000,000	3,023,436	The difference is due to the capital reduction done on 2022

24. A description of any interest or contractual financial paper or subscription rights pertaining to Members of the Board, Senior Executives, or their relatives in the Company's or its Subsidiaries shares or debt instruments or any changes in these interests or rights in the past financial year.

With respect to the company and its subsidiaries, none of the Board Members or Senior Executives or any of their spouses and minor children were entitled for share options or rights during 2022.

The interests of Board Members, their wives and minor children in the company's shares, debt instruments or any of its subsidiaries, in addition to the changes of ownership during 2022 are shown in the following table.

Description of Board Members' Interests in the Company's and its Subsidiaries in the Form of Shares or Debt Instruments							
Board Member Name		Start of Year		End of Year		Net Change	Percentage Change
		No. of shares	Debt Instruments	No. of shares	Debt Instruments		
1	H.E. Mr. Amr Abdullah Al-Dabbagh	-	-	-	-	-	-
2	Mr. Sami Ahmed BinMahfooz	-	-	-	-	-	-
3	Mr. Khalid Mohammed Fagih	-	-	-	-	-	-
4	Mr. Peter Walichnowski	-	-	-	-	-	-
5	Mr. Osama Zakaria Jamjoom	-	-	-	-	-	-
6	Mr. Mohammed Zaher Salahuddin Al-Munajjed	-	-	-	-	-	-
7	Mr. Mujahid Abdulkarim Al-Gain	-	-	-	-	-	-
8	Mr. Taher Mohammed O. Agueel	-	-	-	-	-	-

The interests of Senior Executives, their wives and minor children in the company's shares, debt instruments or any of its subsidiaries, in addition to the changes of ownership during 2022 are shown in the following table.

Description of Senior Executives' Interests in the Company's and its Subsidiaries in the Form of Shares or Debt Instruments							
No.	Name of the Senior Executive	Start of Year		End of Year		Net Change	% Change
		No. of Shares	Debt Instrument	No. of Shares	Debt Instrument		
1	Mr. Khalid Mohammed Fagih	-	-	-	-	-	-
2	Mr. Ghassan Basna	-	-	-	-	-	-
3	Mr. Mahmood Siddiqui	-	-	-	-	-	-

25. Details pertaining to credit facilities loans taken by the Company

The below table provides details of the availed loans according to banks.

Amounts in SAR Thousands

	Lending Party	Original Loan Amount	Duration	Amounts Paid in 2022	Remaining Amount
1	Saudi Arabian British Bank (Medium-Term Loan)	35,000	54 Months	-	4,500
2	Riyad Bank (Medium-Term Loan)	30,000	5 years	6,000	-
3	Banque Saudi Fransi (Medium-Term Loan)	60,000	70 Months	10,286	5,142
4	Riyad Bank (Short-Term Loan)	20,000	180 days	1,846	479
5	Saudi National Bank (Short-Term Loan)	50,000	180 days	1,669	-
6	Saudi Arabian British Bank (Short-Term Loan)	15,000	180 days	2,500	12,500
7	Banque Saudi Fransi (Short-Term Loan)	50,000	360 days	88	61,219
8	Alawwal Bank (Short-Term Loan)	12,000	180 days	1,461	6,261
9	Banque Saudi Fransi (Short-Term Loan)	35,000	300 days	-	17,500
10	SIDF	13,134	360 days	13,134	-
11	Aldabbagh Holding Company	46,025	360Days	-	46,025
	Total	**366,159**	**-**	**37,175**	**168,435**

26. A description of the classes and numbers of any convertible debt instruments and any contractual securities, notes, rights issued or granted by the Company during the financial year.

The company, including all of its subsidiaries did not grant, nor issue, nor convert, any convertible debt instruments, options, warrants or similar rights issues during the year 2022.

27. Description of any rights of transfer or subscription under convertible debt instruments or securities Contractual or subscription rights, or similar rights issued or granted by the Company.

The company, including all of its subsidiaries did not issue or grant any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights during the year 2022.

28. Description of any refund, purchase or cancellation by the Company for any redeemable debt instruments.

The Company or its subsidiaries have not redeemed, purchased, or cancelled any redeemable debt instruments, whether listed or unlisted during the year 2022.

29. Number of Board Meetings held during the year, convention dates, and attendance record.

	Number of Board Meetings Held in 2022						Total
	1st Meeting 26/01/2022	2nd Meeting 14/04/2022	3rd Meeting 19/05/2022	4th Meeting 04/08/2022	5th Meeting 27/10/2022	6th Meeting 15/12/2022	
H.E. Mr. Amr Abdullah Al Dabbagh	✓	✓	✓	✓	✓	✓	6
Mr. Sami Ahmed BinMahfooz	✓	✓	✓	✓	✓	✓	6
Mr. Khalid Mohammed Fagih	✓	✓	✓	✓	✓	✓	6
Mr. Peter Walichnowski	✓	✓	✓	✓	-	✓	5
Mr. Osama Zakaria Jamjoom	✓	✓	✓	✓	✓	✓	6
Mr. Mohammed Zaher Salahuddin Al-Munajjed	✓	✓	✓	✓	✓	✓	6
Mr. Mujahid Abdulkarim Al-Gain	✓	✓	✓	✓	✓	✓	6
Mr. Taher Mohammed O. Agueel	✓	✓	✓	✓	✓	✓	6

30. Number reports of Shareholders' Records requested, dates and reasons.

No.	Date	Reason
1	31/07/2022	Company Procedures
2	19/07/2022	General Assembly Meeting
3	22/06/2022	General Assembly Meeting

31. Details of any transaction between the Company and a Related Party.

There were no transactions between the company and a related party in 2022.

The breakdown of the amounts due from and due to related parties are as follows:	
Amount due from related parties presented under prepayments and other receivables (note 21)	
Red Sea Housing Malaysia SDN BHD	**4,434**
Amount due to a shareholder	
Dabbagh Group Holding Company Limited	**46,025**
Amount due to related parties presented under trade payables (note 29)	
Dabbagh Group Holding Company Limited	**1,004**
National Scientific Company	**45**
Sherwin-Williams Protective and Marine Coatings	**5,945**

32. Information relating to any business or contracts to which the Company is a party in, whereby there is an interest for a Member of the Board or one of the Senior Executives or a person related to any of them.

During 2022, the company continued engaging in a contract, whereby only one formal Board member had direct or indirect interests in. This contract has been renewed during this year and considered extensions of ongoing relationships that started prior to 2022. This contract is described in the table below. It is worth mentioning that the membership of Mr. Saleh Mohammed Binladen in the company's Board has ended on 09/05/2021.

Amounts in SAR

Nature of the Transaction	Value	Duration	Special Terms	Name of the Board Member
Red Sea International Company leased a plot of land in Rabigh Province from Mr. Saleh Mohammed Binladen to construct a labor camp for the employees of the companies operating in the area.	883,391	Annual	Nil	Mr. Saleh Mohammed Binladen

33. Details of any arrangement whereby a Member of the Board or a Senior Executive has waived his right to receive any of the entitled remunerations.

Below is the list of Board Members who have waived their right to receive entitled remunerations for the cycle ended 31/12/2022.

Name	Details of Waived Remuneration	Amount Waived
H.E. Mr. Amr Abdullah Al Dabbagh	Remuneration for the Chairman of Board	200,000
	Remuneration for Board Membership	200,000

It is worth mentioning the according to the Remuneration Policy approved by shareholders in the General Assembly held on 24/08/2021, Executive Committee Members are not entitled for remunerations against their membership in the committee.

34. Details of any arrangement whereby a shareholder has waived his right to receive any of the entitled dividends.

There was no arrangement whereby a shareholder has waived his right to receive any of the entitled dividends in 2022.

35. Details of the Statuary Obligations paid or entitled for payment to GAZT, Customs, or any other fees or payables for the year, with a brief description of these obligations and their reasons.

The Company and its Saudi Arabian subsidiaries are subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax (“GAZT”). Zakat, for the Company and its Saudi Arabian subsidiaries, is calculated based on the higher of approximate zakat base and adjusted profit. Foreign shareholders in the Company and its Saudi Arabian subsidiaries are subject to income taxes. Zakat and income tax is charged to the consolidated statement of profit or loss. Additional amounts, if any, are accounted for when determined to be required for payment.

The Company also settles all statutory payments due for the payment of any Zakat, Taxes, Fees or any other entitlements according to the regulations issued by the relevant authorities.

Statuary Obligations paid or entitled for payment to GAZT, Customs, or any other fees or payables for the year, with a brief description of these obligations and their reasons.

Statuary Obligations paid or entitled for payment to GAZT, Customs, or any other fees or payables for the year,

with a brief description of these obligations and their reasons:

Amounts in SAR'000s

	2022		Description	Reasons
	Settled Amounts	Due at the end of the period and not paid		
Zakat	3167	-	Amounts settled or carried for the year in accordance with the regulations of GAZT.	Additional amounts will be settled in 2023 in accordance with the allowed timeline.
Income Tax	41	-	Amounts settled or carried for the year in accordance with the regulations of GAZT.	Additional amounts will be settled in 2023 in accordance with the allowed timeline.
GOSI	4,745	933	Amounts settled or carried for the year in accordance with the regulations of GOSI.	-
Visas and Passport Services	4,055	-	Amounts settled or carried for the year in accordance with the regulations of Passport General Department.	-

36. Details of investments or reserves made for the Company's Employees.

The company allocates reserves for the company's employees in line with the requirements of the labor law in both the Kingdom of Saudi Arabia and the United Arab Emirates. The end of service benefits provisions are based on the employees' final salaries and benefits and their cumulative years of service at the date of their end of service as determined by the conditions stipulated in the labor laws of the Kingdom of Saudi Arabia and the United Arab Emirates.

The below table summarizes the reserves allocated by the company for its employees as of 31/12/2022 compared to the previous year:

Amounts in SAR

End of Service Benefits	2022	2021
Start of the Year	**31,331**	**32,997**
Net benefit expense	3,722	4,412
Benefits paid	(8,344)	(8,256)
Remeasurement loss on employees' defined benefit liabilities	(4,854)	2,178
End of the Year	**21,855**	**31,331**

37. General Disclosures as Per CMA's Charters.

- Company's records were prepared in an accurate manner.
- The internal control system has been prepared on a sound basis and implemented effectively.
- That there is no doubt in the Company's ability to continue its activity.

38. Any reservations mentioned in the External Auditor's Report.

External auditors report added a matter of emphasis paragraph which states: "We draw attention to Note 2.1 in the consolidated financial statements, which indicates that the Company incurred a net loss of SR 197.8 million during the year ended 31 December 2022 and, as of that date, the accumulated losses of the Company amounting to SR 172.5 million which represent 57% of the Company's capital. Further, as of 31 December 2022, the Company's current liabilities exceeded its total assets by SR 201.5 million. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

39. In case the Board has recommended changing the External Auditor before the agreed auditing term,

The Board did not make any recommendations in 2022 to change the External Auditor before the expiry of the agreed audit term.

40. Disclosure of details of Treasury shares held by the Company and details of the uses of such shares

The Company has not acquired and does not hold any treasury shares.

41. List of Corporate Governance Rules that have been implemented and those that were not implemented, with the reasons for non-compliance

Red Sea International Company ensures the adherence to the rules and regulations related to corporate governance that are stated in the Companies Laws issued by the Ministry of Commerce and Investment, and the relevant CMA Charters with respect to the rights of shareholders and obligations towards continuous transparency and have accordingly implemented the rules stated in the Corporate Governance Rules issued by CMA.

42. Information related to any competitive business conducted or previously conducted by the company or any branch of its activities, as well as any member of the Board, including the names of members involved in competitive business, the nature and conditions of such business. If there are no such businesses, the company must submit a declaration thereof.

There were no transactions with competitive business in 2022.

End

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